



# TN RURAL HOSPITAL TRANSFORMATION PROGRAM

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## THREE RIVERS HOSPITAL TRANSFORMATION PLAN

*Confidential and Proprietary*



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# THREE RIVERS HOSPITAL

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## EXECUTIVE SUMMARY

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# THREE RIVERS WAS TRIAGED INTO SFY 2019 OF THE PROGRAM AND 3 HIGH PRIORITY INITIATIVES WERE IDENTIFIED FOR TRANSFORMATION

## Three Rivers Hospital:

- **CEO/CNO:** *Freda Russell, RN*
- **System Affiliation:** *None*
- **Licensed Beds:** *25*
- **Daily Census:** *3*
- **Operating Margin:** *1%*
- **Critical Access Designation:** *Yes*



## Top 3 Transformation Initiatives

- 1 Secure Partnership or Additional Investment**
  - Identify a partner who can provide a cash infusion
  - Improve community reputation to compete with nearby system-affiliated hospitals
- 2 Increase Patient Keepage**
  - Introduce new initiatives such as increased communication with EMS and new partnership opportunities to streamline scheduling processes with other facilities
- 3 Assess Revenue Cycle Processes**
  - Evaluate external training for billing staff
  - Consider outsourcing revenue cycle options

Source: Data Submitted by the State of Tennessee and Three Rivers, Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments

# THREE RIVERS FACES MANY THREATS FROM POTENTIAL CLOSURE TO COMPETITION, BUT CAN INCREASE MARKET SHARE THROUGH LEVERAGING CURRENT STRENGTHS AND MARKET OPPORTUNITIES.

## Strengths

1. Centrally located within the community on a main road
2. Current relationship with Air Evacuation company
3. Low turnover rate for nursing staff
4. Local nursing schools are leveraged as a hiring pool

## Weaknesses

1. Aged facility and equipment
2. Outdated revenue cycle processes
3. No strategic plan developed in the last 10 years
4. Insufficient specialized training for hospital leadership
5. Inability to operationalize data

## Opportunities

1. Improving revenue cycle operations to address current state analysis, staffing / capability analysis, and denial management
2. Leverage managed care expertise
3. Address community reputation of hospital closure and develop new narrative of hospital within the community

## Threats

1. Potential closure
2. Fast Pace urgent care
3. Multiple hospitals surrounding the county (e.g., Vanderbilt, St. Thomas, Tristar, etc.)
4. Consistent EMS diversion
5. Lack of physicians for services associated with rapidly aging population in the community

Source: Data Submitted by the State of Tennessee and Three Rivers, Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments

# THREE RIVERS' RECOMMENDED TOP PRIORITIES ARE FOCUSED ON IMPROVING SYSTEM PROCESSES AND OPERATIONS.

#	Initiative	Level of Importance	Potential Financial Impact <sup>1</sup>	Financial Impact Type <sup>2</sup>	Implementation Complexity	Ability to Implement Internally	First Report Out Due
1	<b>Secure Partnership or Additional Investment</b> <ul style="list-style-type: none"> <li>Identify a partner who can provide a cash infusion</li> </ul>	Very High <sup>3</sup>	Not Quantifiable	Not Applicable	High	Low	9/30/2019
2	<b>Increase Patient Keepage</b> <ul style="list-style-type: none"> <li>Introduce new initiatives such as communication with EMS and a new scheduling process to decrease outmigration and referral leakage</li> </ul>	High	High	RG	Medium	Low	12/31/2019
3	<b>Assess and Improve Revenue Cycle Processes</b> <ul style="list-style-type: none"> <li>Evaluate external training for billing staff on charge capture and consider outsourcing revenue cycle options</li> </ul>	High	High	RG	High	Low	9/30/2019
4	<b>Match Leadership Team with Coaches to Assist the Leadership and Managerial Team</b> <ul style="list-style-type: none"> <li>Hire provider leadership consultants to provide interim leadership and training on key revenue cycle, operations, and management issues</li> </ul>	High	High	RG / CS	High	Not Applicable	9/30/2019

Source: Data Submitted by the State of Tennessee and Three Rivers. Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments Note 1: Financial impact projections were estimated based on a percentage of total revenue or expenses and grouped relative to one another based on magnitude of impact. Where estimates resulted in a range that overlapped categories, a conservative approach was applied. Financial impact projections were estimated based on a percentage of total revenue or expenses and grouped relative to one another based on magnitude of impact. Where estimates resulted in a range that overlapped categories, a conservative approach was applied. Note 2: Identifies if the initiative will be a Revenue Generator (RG) or a Cost Saver (CS)

# OTHER INITIATIVES AIM TO INCREASE COMMUNITY REPUTATION AND IMPROVE UPON SERVICE OFFERINGS

#	Initiative	Level of Importance	Potential Financial Impact <sup>1</sup>	Financial Impact Type <sup>2</sup>	Implementation Complexity	Ability to Implement Internally	First Report Out Due
5	<b>Expand Telemedicine Offerings and Update Revenue Model</b> <ul style="list-style-type: none"> <li>Use TriStar Health telemedicine program in short term</li> <li>Evaluate other opportunities long term</li> <li>Design process to ensure billing for telemedicine cases</li> </ul>	High	Medium	RG / CS	High	Low	9/30/2019
6	<b>Community Reputation Repair and Education</b> <ul style="list-style-type: none"> <li>Develop message around quality improvement, new physicians and available services to deploy to community advocates</li> </ul>	High	Low	RG	High	Low	9/30/2019
7	<b>Develop Primary Care Network</b> <ul style="list-style-type: none"> <li>Create succession plan to backfill retiring physicians including a rural health physician recruitment strategy</li> </ul>	Medium	High	RG	High	Low	3/31/2020
8	<b>Develop Specialist Presence</b> <ul style="list-style-type: none"> <li>Leverage specialists from other communities to rotate to facility and provide ancillary / outpatient visits</li> </ul>	Medium	High	RG	High	Low	9/30/2019

Source: Data Submitted by the State of Tennessee and Three Rivers. Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments Note 1: Financial impact projections were estimated based on a percentage of total revenue or expenses and grouped relative to one another based on magnitude of impact. Where estimates resulted in a range that overlapped categories, a conservative approach was applied. Financial impact projections were estimated based on a percentage of total revenue or expenses and grouped relative to one another based on magnitude of impact. Where estimates resulted in a range that overlapped categories, a conservative approach was applied. Note 2: Identifies if the initiative will be a Revenue Generator (RG) or a Cost Saver (CS)

# ADDITIONAL INITIATIVES ADDRESS LACKING SERVICE AREAS AND UPDATED FACILITY NEEDS

#	Initiative	Level of Importance	Potential Financial Impact <sup>1</sup>	Financial Impact Type <sup>2</sup>	Implementation Complexity	Ability to Implement Internally	First Report Out Due
9	<b>Optimize the 340B Program</b> <ul style="list-style-type: none"> <li>Work with local pharmacies to create contracts</li> </ul>	Medium	High	RG	High	Medium	9/30/2019
10	<b>Evaluate Facility Options</b> <ul style="list-style-type: none"> <li>Enhance current facility through addressing room / equipment needs as well as developing a Master Facility Plan to address long-term development</li> </ul>	Medium	Medium	RG	High	Low	3/31/2020
11	<b>Identify Alternative Emergency Department Physician Support</b> <ul style="list-style-type: none"> <li>Assess revenue opportunity requiring ED physicians in-network or opportunities to contract with another ED provider group</li> </ul>	Medium	Low	RG / CS	High	Low	12/31/2019
12	<b>Behavioral Health Improvements</b> <ul style="list-style-type: none"> <li>Reduce average days spent in the ED for behavioral health patients</li> <li>Work with the State to reduce time placing patients in behavioral health care</li> </ul>	Low	Medium	CS	High	Medium	9/30/2019

Source: Data Submitted by the State of Tennessee and Three Rivers. Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments Note 1: Financial impact projections were estimated based on a percentage of total revenue or expenses and grouped relative to one another based on magnitude of impact. Where estimates resulted in a range that overlapped categories, a conservative approach was applied. Financial impact projections were estimated based on a percentage of total revenue or expenses and grouped relative to one another based on magnitude of impact. Where estimates resulted in a range that overlapped categories, a conservative approach was applied. Note 2: Identifies if the initiative will be a Revenue Generator (RG) or a Cost Saver (CS)





# THREE RIVERS HOSPITAL

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## FACILITY DATA OVERVIEW

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# ANALYSIS OF STATE AND THREE RIVERS HOSPITAL DATA REVEALS KEY MARKET TAKEAWAYS

1. In the Three Rivers PSA, the 0-64 population is shrinking while the Medicare eligible population is expected to increase by 14.5% from 2019-2025
2. With the exception of Integumentary and Orthopedics, all major IP service line volume has decreased from 2015-2017
3. Three Rivers only captures 8% of the market share in its PSA, and the majority of patients outmigrate to TriStar facilities in Dickson and Nashville
4. In Humphreys County, approximately half of the population is commercially insured

Source: Data Submitted by the State of Tennessee and Three Rivers, Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments

# DEMOGRAPHICS INDICATE STRONG GROWTH IN MEDICARE ELIGIBLE PATIENTS OVER THE NEXT 5 YEARS

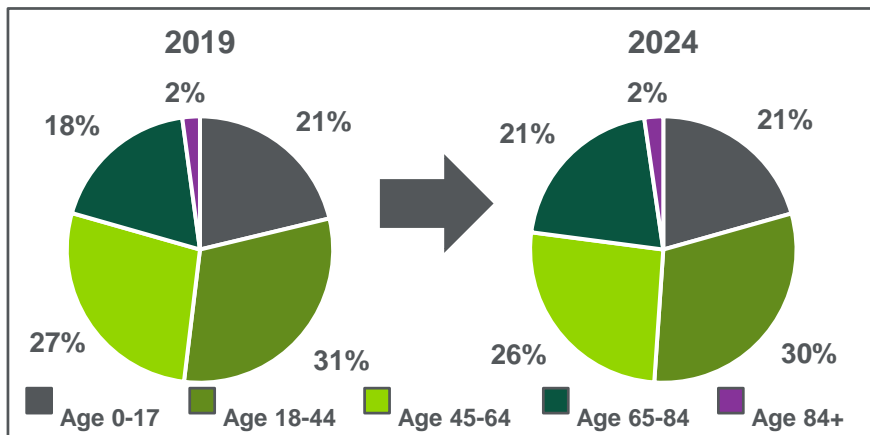
## Three Rivers Projected Demographic Changes

2019, Three Rivers Hospital PSA

Population by Age Cohort	2019	2024	# Change	% Change	CAGR
Age 0-17	3,849	3,826	(23)	-0.6%	-0.1%
Age 18-44	5,558	5,648	90	1.6%	0.3%
Age 45-64	4,982	4,819	(163)	-3.3%	-0.7%
Age 65-84	3,342	3,826	484	14.5%	2.7%
Age 85+	387	426	39	10.1%	1.9%
<b>Service Area Total</b>	<b>18,118</b>	<b>18,545</b>	<b>427</b>	<b>2.4%</b>	<b>0.5%</b>
Female Age 15-44	3,073	3,127	54	1.8%	0.3%

## Three Rivers Demographic Transition

2019, Three Rivers Hospital PSA



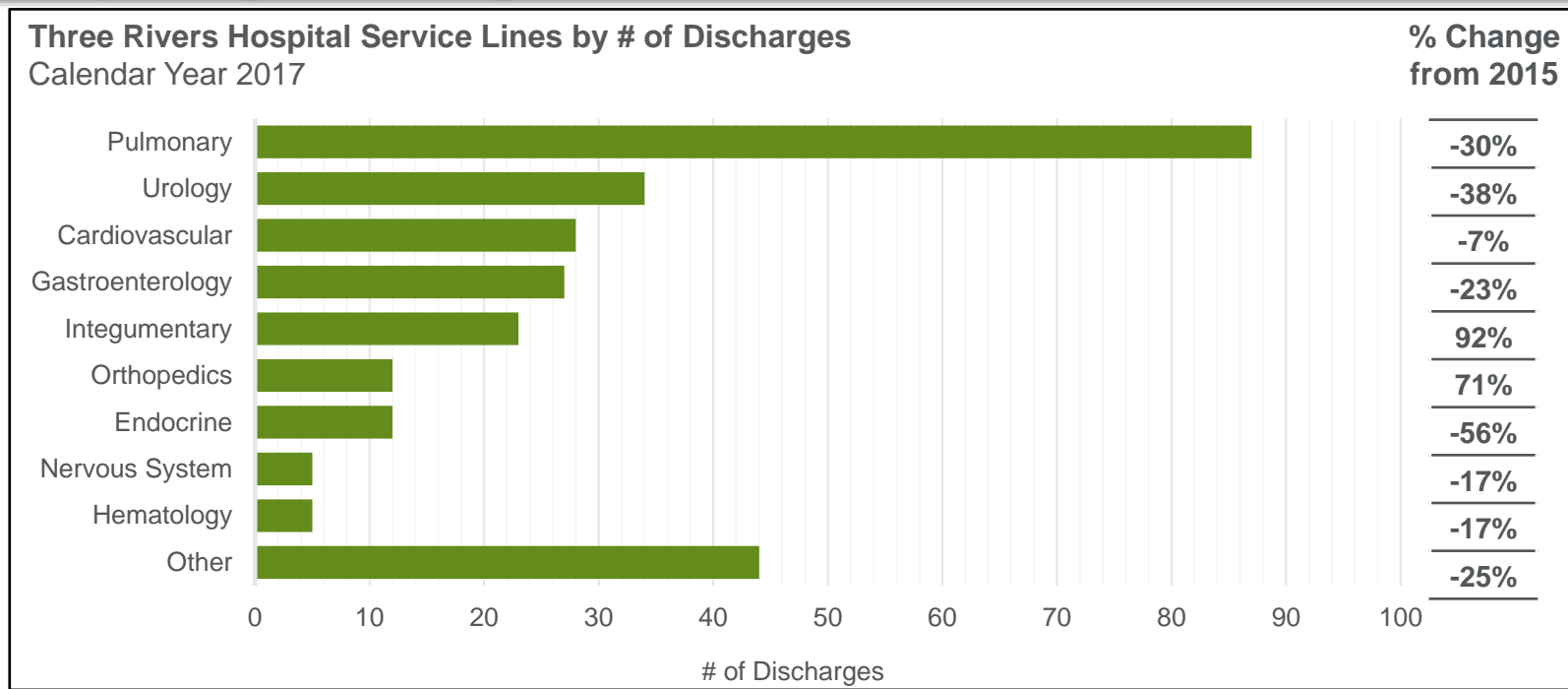
- Projections from 2019 to 2024 indicate that the 0-64 population is shrinking while the Medicare eligible population is expected to increase by 14.5%.
  - Additionally, multiple area nursing homes (~150 beds) may increase demand if all beds are continually filled
  - This indicates the growing need for typical services associated with elderly populations (CV, Pulmonology, Diabetic services) <sup>1</sup>
- A renewed focus on services typically associated with Medicare eligible populations can drive revenue growth for Three Rivers.

Source: Three Rivers On-Site Assessment; Claritas 2019 – 2024; Note 1: American College of Cardiology, *Older Adults and Heart Disease*

# INPATIENT VOLUMES HAVE BEEN DECLINING IN RECENT YEARS ACROSS ALL BUT TWO SERVICE LINES

## Inpatient Service Line Volumes

- Three Rivers Hospital discharged 277 patients in 2017 and 274 in 2018
- Total Inpatient (IP) discharges decreased by 34% from 361 in 2015 to 277 in 2017
  - The hospital reported in their application that pulmonary services accounted for the highest percentage of IP discharges, consistent with 2017 data <sup>1</sup>



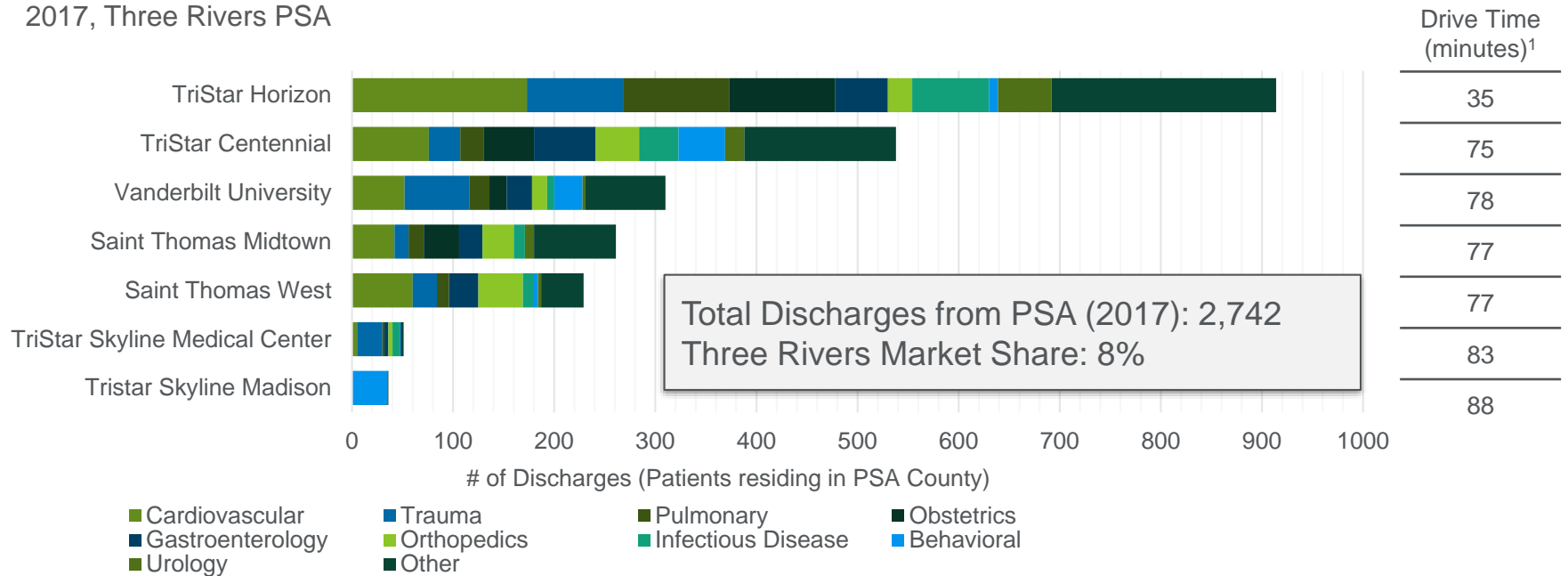
Source: TN Department of Health Hospital Discharge Data System 2017; Joint Annual Report 2015, 2017; Data Submitted by the State of Tennessee and Three Rivers. Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments; (1) Decline in Pulmonology and Urology due to cancelled rotational services

# PATIENTS WHO OUTMIGRATE FROM THE SERVICE AREA GENERALLY TRAVEL TO TRISTAR FACILITIES OR OTHERS AFFILIATED WITH AN ESTABLISHED SYSTEM

## Patient Outmigration

- Outmigrating patients are most often discharged from cardiovascular services
- Trauma, Pulmonary and OBGYN are the next most common service lines where outmigration occurs

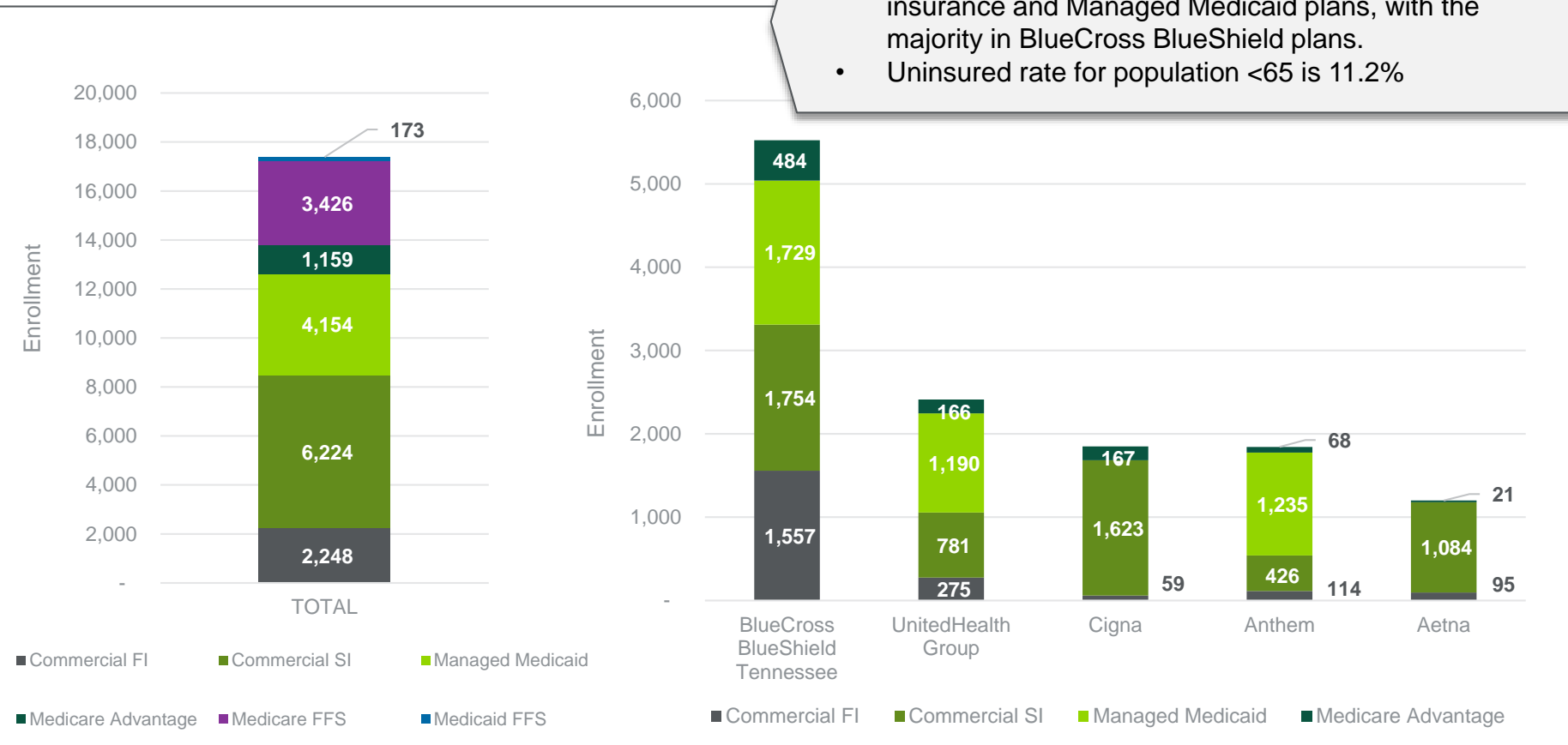
### Three Rivers Hospital Top Facility Destinations for IP Outmigration 2017, Three Rivers PSA



Source: TN Department of Health Hospital Discharge Data System 2017; Data Submitted by the State of Tennessee and Three Rivers. Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments; (1) Drive time calculated from Three Rivers Hospital

# HUMPHREYS COUNTY PAYER LANDSCAPE

## Enrollment by Payer and Line of Business 2018, Humphreys County



- Most community members are enrolled in Commercial insurance and Managed Medicaid plans, with the majority in BlueCross BlueShield plans.
- Uninsured rate for population <65 is 11.2%

Sources: Copyright 2019 Millennium Research Group, Inc. All rights reserved. Reproduction, distribution, display or other use is expressly prohibited; Note: Medicare FFS enrollment estimated based on county MA penetration. Medicaid FFS enrollment estimated based on 4% of population not in Managed Medicaid.; Humphreys County, TN only



# THREE RIVERS HOSPITAL

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## INITIATIVE & REPORTING DETAIL

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NAVIGANT

# SECURE A PARTNERSHIP ARRANGEMENT THAT WILL PROVIDE THE ADDITIONAL RESOURCES NEEDED TO SUSTAIN THE FACILITY

## Initiative 1

### Secure Partnership or Additional Investment

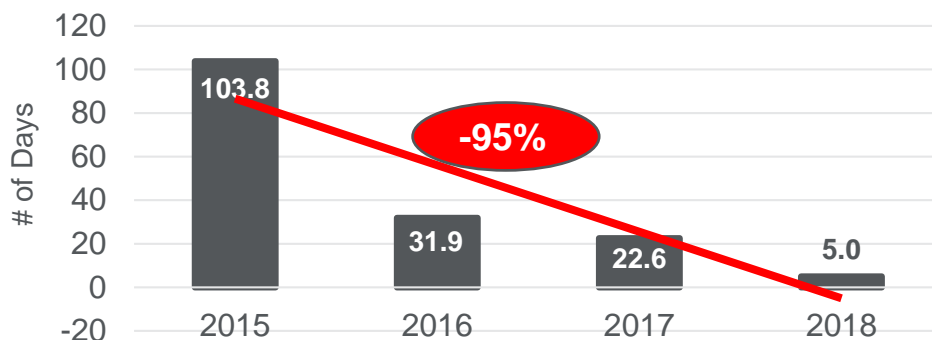
- Identify a partner who can provide a cash infusion for the hospital

### Rationale

1. Three Rivers has concerns about meeting payroll for physicians and medical staff
2. The County loaned \$250,000 to the hospital to alleviate financial burden while Three Rivers weighed partnership opportunities; the loan will need to be paid back to the County
3. The facility is in need of physical improvements and equipment updates in order to remain viable in the long-term
4. The Board and Executive Leadership at Three Rivers have been advised previously to engage in a partnership

### Three Rivers Trended Days Cash on Hand

2015 – 2018, Three Rivers Hospital



Source: TN Joint Annual Report 2015-17; Data Submitted by the State of Tennessee and Three Rivers, Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments

### Takeaway

1. *A strategic partner that can provide a cash infusion to the hospital is critical to Three Rivers' short- and long-term sustainability*



# THREE RIVERS' FIRST REPORT ON PARTNERSHIP DEVELOPMENT IS DUE ON 9/30/2019

## Initiative 1: Next Steps and Reporting

Next Steps	Responsible Party	Deliverable	Deadline for Initial Report	Cadence
Create a value proposition for Three Rivers to present to potential partners	CEO	Value Proposition Report	9/30/2019	One-Time
Develop minimum specifications of what a partner must provide to Three Rivers	CEO, Board	Minimum Specifications for a Partner	9/30/2019	One-Time
Issue a RFP for partnership	CEO	RFP	9/30/2019	One-Time
Review partnership proposals and select strategic partner from list of potential partnership options	CEO, Board	Progress	12/31/2019	One-time
Conduct regular meetings with hospital leadership and board members to assess improvements and challenges	CEO	Progress	End of First Quarter Post-Partnership	Quarterly
Assess opportunities to improve governance at the Board and Executive Leadership levels	Board Chair	Progress	12/31/2019	Quarterly

Source: Data Submitted by the State of Tennessee and Three Rivers, Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments

# KEEP COMMUNITY MEMBERS SEEKING HEALTHCARE SERVICES WITHIN THREE RIVERS PRIMARY SERVICE AREA

## Initiative 2

### Increase Patient Keepage

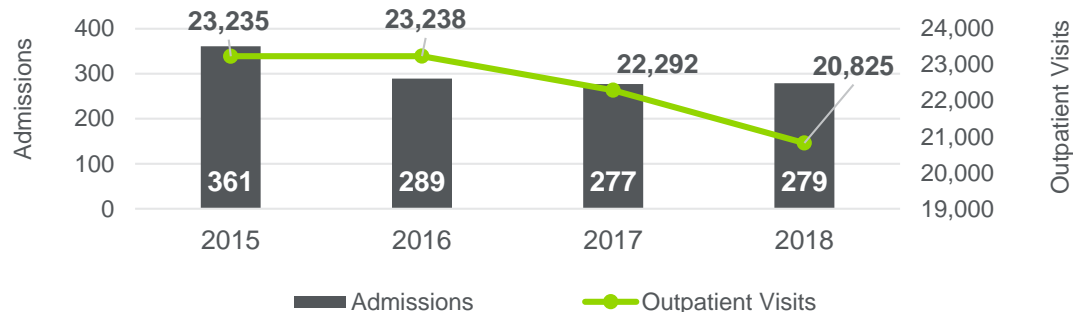
- Introduce new initiatives such as increased communication with EMS and new partnership opportunities to streamline scheduling processes with other facilities, such as TriStar or Saint Thomas
- Increase patient keepage of cases outmigrating to Dickson, TN
  - Estimate number of cases outmigrating to Dickson, TN and the services for which patients outmigrate
- Leverage current partnership with St. Thomas specialists and Tristar and identify opportunities to further partner as appropriate

### Rationale

1. Patients and EMS providers are unaware of the services offered at the facility and drive out of the community for care
2. Three Rivers has had to cancel services for OBGYN, Pulmonology, and Urology because the physicians providing these services have stopped driving into Humphrey's County
3. Fast Pace Urgent Care competes with Three Rivers for outpatient volume

### Three Rivers Hospital Inpatient Admissions and Outpatient Visits

2015 – 2018, Three Rivers Hospital



### Takeaway

1. *Recapturing patients from the community who are seeking care elsewhere is an opportunity for Three Rivers*
2. *Outpatient volumes have declined steadily since 2016*

Source: TN Joint Annual Report 2015-17; Data Submitted by the State of Tennessee and Three Rivers, Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments

# THREE RIVERS' FIRST REPORT ON INCREASING PATIENT KEEPAGE IS DUE ON 12/31/2019

## Initiative 2: Next Steps and Reporting

Next Steps	Responsible Party	Deliverable	Deadline for Initial Report	Cadence
Align patient keepage with partnership pursuit and leverage existing partnership with St. Thomas specialists and TriStar as appropriate	CEO	Progress to Date	12/31/2019	Quarterly
Conduct a regular outmigration analysis to determine opportunities for patient keepage and adjust strategy accordingly	CEO	Outmigration Analysis	12/31/2019	Quarterly
Submit a post-assessment debrief of identified outmigration encounters and go-forward strategy	CEO	Post-Assessment Report	3/31/2019	Annually

Source: Data Submitted by the State of Tennessee and Three Rivers, Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments

# EVALUATE REVENUE CYCLE PROCESSES AND DETERMINE OUTSOURCING FEASIBILITY

## Initiative 3

### Assess Revenue Cycle Processes

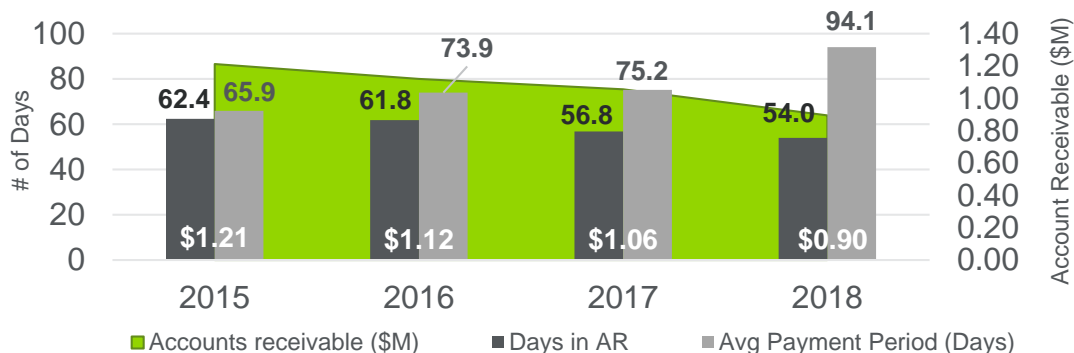
- Evaluate external training for billing staff on charge capture and consider outsourcing revenue cycle options
- Review and reduce bad debt to <2% of net patient revenue <sup>1</sup>
- Assess clinical documentation and coding gaps for missed revenue opportunity
- Establish review process for charge entry
- Conduct clinical documentation “bootcamps” for clinicians

### Rationale

1. Three Rivers is experiencing high turnover of staff and low productivity in the business office
2. The facility uses paper billing only and does not provide any electronic billing/payment opportunities for patients
3. Lack of Denials Management team at Three Rivers Hospital, as denied claims are not often disputed
4. Lack of Clinical Documentation Improvement (CDI) team to ensure all charges are captured

### Three Rivers Trended Accounts Receivable Measures

2015 – 2018, Three Rivers Hospital



### Takeaway

1. Outsourcing Revenue Cycle Services would be the best option for Three Rivers to transform Revenue Cycle processes
2. If outsourcing is not an option, intensive bootcamps are required to ensure Revenue Cycle team captures all opportunities for additional revenue

Source: TN Joint Annual Report 2015-17; Data Submitted by the State of Tennessee and Three Rivers. Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments; (1) Navigant Expertise

# THREE RIVERS' FIRST REPORT ON REVENUE CYCLE PROCESS IMPROVEMENT IS DUE ON 9/30/2019

## Initiative 3: Next Steps and Reporting

Next Steps	Responsible Party	Deliverable	Deadline for Initial Report	Cadence
Evaluate external training for billing staff on charge capture and consider outsourcing revenue cycle options	CFO	Pro Forma, Feasibility Analysis	9/30/2019	Quarterly Until Completion
Review and address bad debt (goal is to be <2% of net patient revenue)	CFO	Progress to Date	9/30/2019	Monthly
Assess clinical documentation and coding gaps for missed revenue missed opportunities, and establish review process for charge entry	CFO	Charge Entry Check Process Establishment	12/31/2019	Monthly
Submit a post-assessment debrief on training sessions hosted to date, current status of bad debt, and clinical documentation review process establishment	CFO	Post-Assessment Report	12/31/2019	Annually
		Progress		Annually

Source: Data Submitted by the State of Tennessee and Three Rivers, Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments

# HIRE INTERIM COACHES TO TRAIN AND EDUCATE ALL LEADERSHIP AND MANAGERIAL TEAMS ON KEY BUSINESS OPERATIONS

## Initiative 4

### Match Leadership Team with Coaches

- Hire provider leadership coaches to provide interim leadership and training on key revenue cycle, operations, and management issues

### Rationale

1. Most of the leaders at Three Rivers Hospital currently fill multiple leadership and managerial roles due to staffing shortages, and therefore, must manage departments / service areas they are not comfortable with managing
2. Leadership is currently focused on keeping the facility open rather than on improving processes within their respective departments limiting capacity to ensure strong delivery of core tasks

**Harvard  
Business  
Review**

2009

### What Can Coaches Do For You?

The top 3 reasons leadership coaches are engaged are:

- |   |     |
|---|-----|
| 1. Develop high potentials or facilitate transition | 48% |
| 2. Act as a sounding board                          | 26% |
| 3. Address derailing behavior                       | 12% |

### Takeaway

1. *Hiring interim leadership coaches to train Three Rivers Leadership in critical hospital management skills will help ensure hospital viability and facilitate process improvements in multiple departments*

# THREE RIVERS' FIRST REPORT ON LEADERSHIP TRAINING IS DUE ON 9/30/2019

## Initiative 4: Next Steps and Reporting

Next Steps	Responsible Party	Deliverable	Deadline for Initial Report	Cadence
Hire provider leadership coaches to provide interim leadership and training on key revenue cycle, operations, and management issues	CEO / CFO	Confirmation of Firm Hired	9/30/2019	One-Time
Submit a post-assessment debrief on informational sessions hosted to date, local events attended and teams sponsored, and current communication plan with EMS	CEO / CFO	Progress Report	12/31/2019	Quarterly

Source: Data Submitted by the State of Tennessee and Three Rivers, Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments

# EXPAND TELEMEDICINE OFFERINGS AND TRACK TELEMEDICINE REVENUE GENERATED AT THREE RIVERS

## Initiative 5

### Expand Telemedicine Offerings

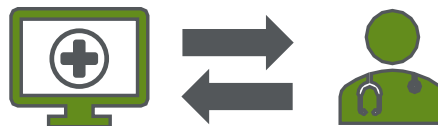
- Use TriStar Health telemedicine program in short-term
- Evaluate other opportunities long-term to identify a partner who will help Three Rivers gain revenue and keep patients local
- Design process to ensure billing for telemedicine cases and identify opportunities to expand services
- Track telemedicine revenue generated at Three Rivers
- Include telemedicine coverage as a component of physician and non-physician provider contracts to ensure coverage

### Rationale

1. Three Rivers offers telemedicine services through TriStar, but does not receive any revenue for services
2. Telemedicine coverage is not a component of physician and non-physician provider contracts to ensure coverage

**Three Rivers Hospital Telemedicine Services**  
2018, Three Rivers Hospital

	Telemedicine Visits	Patients Admitted
All Patients	81	1
TennCare Patients	25	0



**Telehealth Originating  
Site Facility Fee <sup>1</sup>**  
HCPCS Code: **Q3014**

### Takeaway

1. *Keeping telemedicine consults at the facility will increase revenue at Three Rivers Hospital*
2. *Adopting and expanding telemedicine programs can generate cost savings for rural hospitals <sup>2</sup>*

Source: Data Submitted by the State of Tennessee and Three Rivers. Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments; (1): <https://hcpcs.codes/q-codes/Q3014/>; (2): NTCA-The Rural Broadband Association, *Anticipating Economic Returns on Rural Telehealth*, 2017



# THREE RIVERS' FIRST REPORT ON OPTIMIZING TELEMEDICINE PROGRAM IS DUE ON 9/30/2019

## Initiative 5: Next Steps and Reporting

Next Steps	Responsible Party	Deliverable	Deadline for Initial Report	Cadence
Conduct a gap assessment to determine why the facility is not billing for telemedicine services	CFO	Gap Analysis	9/30/2019	One-Time
Use existing telemedicine equipment and track telemedicine revenue generated at Three Rivers	CFO	Revenue Model Revision	9/30/2019	Quarterly
Integrate telemedicine coverage as a component of physician and non-physician provider contracts	CEO	Physician Contract Update	12/31/2019	One-Time
		Status Update		Quarterly
Submit a post-assessment debrief of current telemedicine volumes, revenue and provider contracts	CEO	Post-Assessment Report	3/31/2020	Annually

Source: Data Submitted by the State of Tennessee and Three Rivers, Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments

# REPAIR HOSPITAL'S REPUTATION WITHIN THE COMMUNITY TO BOOST PATIENT VOLUME AND ENSURE SUSTAINABILITY

## Initiative 6

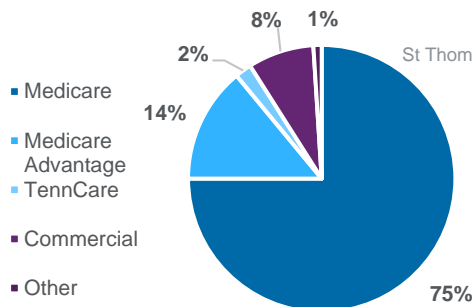
### Community Reputation Repair and Education

- Develop message around quality improvement, new physicians and available services to deploy to community advocates
- Educate the community on its role in keeping the facility thriving / why seeking care at local facility ensures its viability
- Communicate current and future service offerings to the community
- Increase community engagement through attendance of sporting and local events
- Partner with community leadership to enhance local scholarships for local students

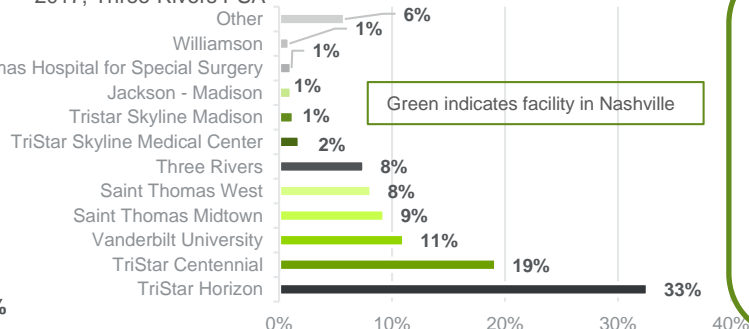
### Rationale

1. Patients are reluctant to seek services at Three Rivers due to perception the facility is closing / going out of business and frequently referenced the attractiveness of facilities and care in Nashville.
2. Three Rivers is not heavily involved in community events, therefore members of community are unaware of services available at the facility
3. 90% of Three Rivers volumes are Medicare FFS (76%) or Medicare Advantage (14%)

Three Rivers Hospital Payer Mix  
2018, Three Rivers Hospital



Three Rivers Hospital Top Facility Destinations for IP Outmigration  
2017, Three Rivers PSA



### Takeaway

1. The community, especially Commercial and TennCare are not seeking care at the hospital.
2. Three Rivers must partner with local leaders to communicate the community's and EMS' role in ensuring the viability of the facility.

# THREE RIVERS' FIRST REPORT ON COMMUNITY EDUCATION AND ENGAGEMENT IS DUE ON 9/30/2019

## Initiative 6: Next Steps and Reporting

Next Steps	Responsible Party	Deliverable	Deadline for Initial Report	Cadence
Develop a community and EMS communication plan to increase awareness of facility offerings and community members' role in the viability of Three Rivers Hospital	Marketing	Communication Plan	9/30/2019	One-Time
Conduct a lunch and learn for EMS providers on services offered in the facility	Marketing	Progress to Date	12/31/2019	Quarterly
Determine EMS visits prior to and after education plan implementation. Determine variance between these volumes	CEO	EMS Volume Analysis	12/31/2019	Monthly
Petition local leaders to develop additional scholarship opportunities for medical and health sciences education offered by State and Local Government that require service in the County	CEO	Progress to Date	3/31/2020	Annually
Host community information sessions and educational events and attend 3-4 local events per quarter and sponsor local sports teams to increase community engagement	CEO	Progress to Date	12/31/2019	Quarterly
Submit a post-assessment debrief on informational sessions hosted to date, local events attended and teams sponsored, and current communication plan with EMS	CEO	Post-Assessment Report	3/31/2020	Annually

Source: Data Submitted by the State of Tennessee and Three Rivers, Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments

# ENSURE CONTINUITY OF PRIMARY CARE SERVICES AVAILABLE WITHIN THREE RIVERS FACILITY

## Initiative 7

### Develop Primary Care Network

- Create succession plan to backfill retiring physicians including a rural health physician recruitment strategy
- Execute a succession plan for retiring physicians at least three years before retirement to allow for new physician ramp up
- Identify opportunities to partner with local primary care providers where applicable
- Set and enforce productivity standards for physicians and advanced practice providers
- Benchmark physician compensation relative to comparable markets

### Rationale

1. Physicians crucial to hospital operations may retire in the near future with no current succession plan in place
2. Physicians compensation is not tied strongly to productivity requirements, leading to low productivity levels
3. Onsite assessment revealed scarce primary care resources, indicating a high need for continuous pipeline of primary care physicians

#### ACADEMIC MEDICINE

2005

#### Long-Term Retention of Graduates from a Program to Increase the Supply of Rural Family Physicians

*...68% [of students from rural areas] were still practicing family medicine in the same rural area up to 16 years after graduating [from medical school] compared to 46% in the comparison group.*

### Takeaway

1. *Develop a value proposition to prospective candidates (e.g. role, compensation, training etc.)*
2. *Identify opportunities to increase physician pipeline*
3. *Evaluate physician recruitment strategy on a regular basis*

Source: Data Submitted by the State of Tennessee and Three Rivers, Quantitative and Qualitative information provided during Rural Hospital Transformation Program on-site assessments; Academic Medicine, *Long-term retention of graduates from a program to increase the supply of rural family physicians*, 2005.

# THREE RIVERS' FIRST REPORT ON DEVELOPMENT OF PRIMARY CARE NETWORK IS DUE ON 3/31/2020

## Initiative 7: Next Steps and Reporting

Next Steps	Responsible Party	Deliverable	Deadline for Initial Report	Cadence
Create 5-year physician succession plan and recruitment strategy	CEO	Succession Plan and Pro Forma	3/31/2020	Annually
Determine and set appropriate productivity standards and incorporate into primary care physician compensation structure	CFO	Compensation Plan Revision	3/31/2020	One-Time
		Productivity Improvement		Quarterly
Benchmark primary care physician compensation against comparable markets to ensure competitive salary and benefits	CFO	Compensation Market Analysis	3/31/2020	Annually
Submit a post-assessment debrief of recruitment opportunities, new productivity standards, and go-forward compensation strategy	CFO	Post-Assessment Report	6/30/2020	Quarterly

Source: Data Submitted by the State of Tennessee and Three Rivers, Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments

# CREATE A SPECIALIST PRESENCE AT THREE RIVERS HOSPITAL

## Initiative 8

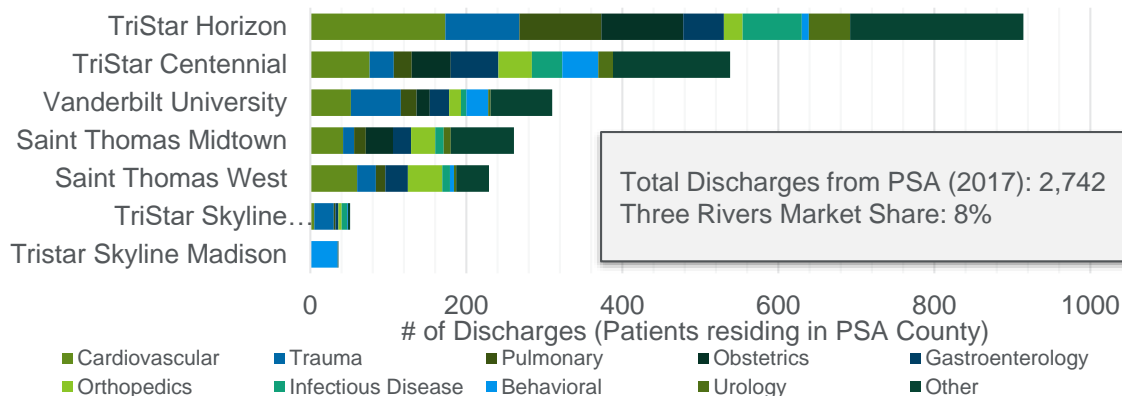
### Develop Specialist Presence

- Leverage specialists from other communities to rotate to facility and provide ancillary / outpatient visits
- Benchmark specialist provider compensation to comparable markets
- Develop a value proposition for newly recruited physicians to recruit them into the market
- Assess telemedicine specialty volumes to identify opportunities to enhance in-person specialist coverage (e.g., if high volume of CV consults are identified, rotate a CV physician at the facility)

### Rationale

1. Three Rivers Hospital has a significant gap in specialist services offered
2. Specialist recruitment to a rural facility such as Three Rivers Hospital is a challenge

**Three Rivers Hospital Top Facility Destinations for IP Outmigration**  
2017, Three Rivers PSA



### Takeaway

1. Patients from the Three Rivers PSA primarily outmigrate to TriStar Horizon and facilities in Nashville (e.g., TriStar Centennial, Vanderbilt) for Cardiovascular, Trauma, and Pulmonary services

# THREE RIVERS' FIRST REPORT ON DEVELOPMENT OF SPECIALIST PRESENCE IS DUE ON 9/30/2019

## Initiative 8: Next Steps and Reporting

Next Steps	Responsible Party	Deliverable	Deadline for Initial Report	Cadence
Assess opportunities with existing partners (e.g. St. Thomas) to rotate specialists and determine cost / benefit to hire or partner	CEO / CFO	Partnership Assessment Pro Forma	12/31/2019	One-Time
Develop a value proposition of Three Rivers for physician recruitment and benchmark specialist compensation to regional markets to ensure competitive salary and benefits offered at Three Rivers	CEO / CFO	Physician Recruitment Plan	3/31/2020	One-Time
Work with the Humphreys County Health Department to recruit a behavioral health provider to the community and rent office space within the facility	CEO	Progress to Date	9/30/2019	Quarterly
Assess telemedicine specialty volumes and identify opportunities to enhance in-person specialist coverage of telemedicine services	CEO	Pro Forma	3/31/2020	Monthly
Submit a post-assessment debrief of compensation benchmarks, current and potential telemedicine volumes, and go-forward recruitment strategy	CEO	Post-Assessment Report	3/31/2020	Annually

Source: Data Submitted by the State of Tennessee and Three Rivers, Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments

# ENHANCE THREE RIVERS' 340B PROGRAM TO CAPTURE REVENUE

## Initiative 9

### Optimize the 340B Program

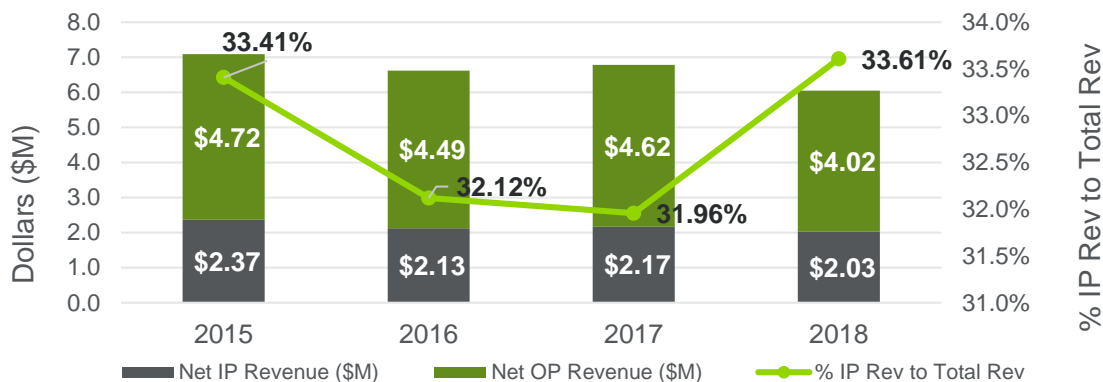
- Ensure that Three Rivers is fully leveraging its 340B status to reach as many patients as possible and obtain the full extent of achievable returns

### Rationale

- 340B at its core is a simple concept, however many facilities that maintain 340B status fail to leverage all possible benefits for their organization
- 340B can be extremely beneficial to not only the hospitals that have status, but also their communities, in 2016 alone 340B hospitals provided more than \$56 billion in total community benefit
- Contracting with additional pharmacies and optimizing 340B agreements can lead to significant revenue opportunity

### Three Rivers Hospital Revenue

2015 - 2018, Three Rivers Hospital



### Takeaway

- Three Rivers should leverage its 340B status by expanding pharmacy contract agreements
- According to Navigant analysis, contracting with one additional pharmacy has the potential to yield \$60-240k per year for a hospital, depending on volumes



# THREE RIVERS' FIRST REPORT ON OPTIMIZING 340B PROGRAM IS DUE ON 12/31/2019

## Initiative 9: Next Steps and Reporting

Next Steps	Responsible Party	Reporting Metrics	Deadline for Initial Report	Cadence
Develop 340B contract pharmacy base	CEO	Progress to Date	12/31/2019	Quarterly
Monitor close compliance with 340B bylaws to avoid incurring penalties	CEO	Compliance Measures	12/31/2019	Quarterly
Consider providing OP infusion service and develop a pro forma for starting a program	CEO	Pro Forma	3/31/2020	One-Time
		Go-Forward Strategy		

Source: Data Submitted by the State of Tennessee and Three Rivers, Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments

# EVALUATE OPPORTUNITIES FOR PHYSICAL AND AESTHETIC FACILITY IMPROVEMENTS TO PROMOTE LONG-TERM SUSTAINABILITY OF HOSPITAL

## Initiative 10

### Evaluate Facility Options

- Enhance current facility through addressing room / equipment needs as well as developing a Master Facility Plan to address long-term development
- Assess room and equipment needs and determine budget requirements for replacement
- Assess PT need for facility improvement as well as equipment needs

### Rationale

1. Three Rivers Hospital needs updates across entire facility (physical building, décor, physician offices, OR)
2. Equipment throughout inpatient rooms is outdated and the building need construction work (e.g. roof repair)
3. The outpatient clinics are currently housed in mobile units, leading to less curb-appeal to patients
4. Inpatient rooms currently have two beds in most room



*“...we are really proud of the new state-of-the-art nursing home facility that opened down the street...”*

### Takeaway

1. Update décor, equipment, and facility structure at Three Rivers Hospital
2. Increase curb-appeal to patients and attract potential providers to the facility

# THREE RIVERS' FIRST REPORT ON EVALUATING FACILITY OPTIONS IS DUE ON 3/31/2020

## Initiative 10: Next Steps and Reporting

Next Steps	Responsible Party	Deliverable	Deadline for Initial Report	Cadence
Identify opportunities to enhance curb appeal and replace old equipment	CEO / CFO	Pro Forma	3/31/2020	Quarterly
Submit a post-assessment debrief of updates and enhancement facility	CEO	Post-Assessment Report	3/31/2021	Annually

Source: Data Submitted by the State of Tennessee and Three Rivers, Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments

# IDENTIFY ALTERNATIVE EMERGENCY DEPARTMENT PHYSICIAN SUPPORT TO REDUCE RELIANCE ON CONRAD PHYSICIANS

## Initiative 11

### Identify Alternative Emergency Department Physician Support

- Assess revenue opportunity requiring ED physicians in-network or opportunities to contract with another ED provider group

### Rationale

1. Current emergency department coverage is good, but prices are high for the community, which may deter patients from coming to the facility
2. Concord Physician Group is out of network for insurance companies in the community, but moving them in-network would increase the payment by the facility to the physician group and the facility cannot increase its payment at this time
3. Community members opt to receive services at other facilities to avoid high co-pays in the Three Rivers ED

*“...it’s easier and cheaper for me to walk into the urgent care center and get the services I need...”*

*“...there should be a **financial incentive** for me to go to our hospital instead of going to [the urgent care center]...”*

### Takeaway

1. Evaluate additional options for ED Physician coverage to identify a more cost-effective option that is attractive to the community

# THREE RIVERS' FIRST REPORT ON IDENTIFYING ADDITIONAL ED SUPPORT IS DUE ON 12/31/2019

## Initiative 11: Next Steps and Reporting

Next Steps	Responsible Party	Deliverable	Deadline for Initial Report	Cadence
Assess revenue opportunity requiring ED physicians to be in-network or opportunities to contract with another ED provider group	CFO	Feasibility Analysis, Pro Forma	12/31/2019	One-Time
Submit a post-assessment debrief of identified opportunities for alternative ED physician coverage	CEO	Post-Assessment Report	3/31/2020	Annually

Source: Data Submitted by the State of Tennessee and Three Rivers, Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments

# DESIGN DISCHARGE PLAN AND TRACKING SYSTEM FOR BEHAVIORAL HEALTH PATIENTS TO REDUCE “REVOLVING DOOR” EFFECT

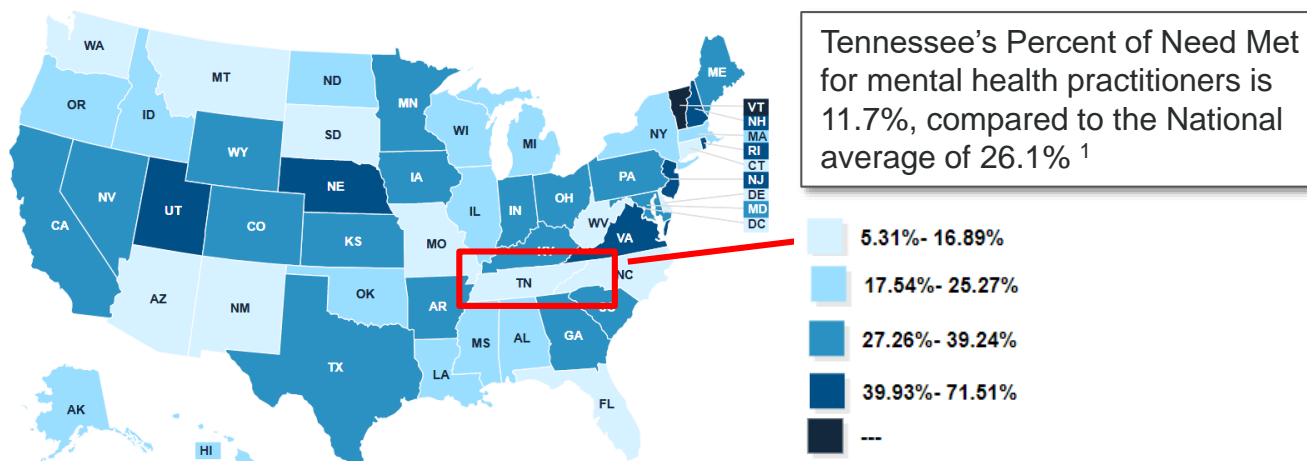
## Initiative 12

### Develop Procedures to Address Behavioral Health Needs

- Assess current behavioral health needs of community (Inpatient vs. Outpatient)
- Optimize discharge planning process and implement a system to track patient readmission
- Expand relationship with community mental health centers and identify additional access points for patients

### Rationale

1. Placement in behavioral health facilities is a slow process, particularly for uninsured and pediatric patients
2. Behavioral health patients put a strain hospital and staff resources
3. Proper discharge planning can reduce unnecessary ED visits by mitigating the ‘revolving door’ effect



### Takeaway

1. *Assessing the needs of the community and developing a clear discharge plan will enable Three Rivers to better manage and support behavioral health patients.*

Source: Bureau of Health Workforce, Health Resources and Services Administration (HRSA), U.S. Department of Health & Human Services, Designated Health Professional Shortage Areas  
Statistics: Designated HPSA Quarterly Summary, as of December 31, 2018. Accessed via Kaiser Family Foundation

# THREE RIVERS' FIRST REPORT ON DEVELOPING BEHAVIORAL HEALTH MONITORING PROCESS IS DUE ON 9/30/2019

## Initiative 12: Next Steps and Reporting

Next Steps	Responsible Party	Deliverable	Deadline for Initial Report	Cadence
Create a contact list with phone numbers of local and regional behavioral health support services for patients to reference upon discharge	Case Manager	Contact List	9/30/2019	Annually
Establish written protocol for discharge planning that includes the use of discharge forms	Case Manager	Discharge Plan	12/31/2019	One time
Assess volume of behavioral health-related cases for inpatient and outpatient departments	Case Manager	Report	12/31/2019	One time
Assess opportunity to reopen inpatient psychiatry wing	CEO	Assessment	3/31/2020	One-Time
		Pro Forma		
Develop a system to track average length of stay, inventory patient placement upon hospital discharge, and time and frequency of return to the hospital	Case Manager	Progress to date	3/31/2020	One time
Explore opportunities to engage community health workers in a call center to provide an access point for behavioral health patients	Case Manager	Progress to date	3/31/2020	Annually

Source: Data Submitted by the State of Tennessee and Three Rivers, Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments



# THREE RIVERS HOSPITAL

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## PROGRAM COMPONENTS

*Confidential and Proprietary*





# RURAL HOSPITAL TRANSFORMATION ACT: COMMITTEE MEMBERS

Name	Title	Organization
Amanda Martin	Rural Policy Advisor	Department of Economic and Community Development
Bill Jolley	Vice President	Tennessee Hospital Association
Brooxie Carlton	Deputy Assistant Commissioner of Community and Rural Development	Department of Economic and Community Development
Dr. Bo Turner	Deputy Commissioner of Operations and Hospital Services	Department of Mental Health and Substance Abuse Services
Dr. Flora Tydings	Chancellor	Tennessee Board of Regents
Dr. Jeff McCord	Commissioner	Department of Labor and Workforce Development
Dr. Kimberly McCormick	Vice Chancellor of External Affairs	Tennessee Board of Regents
Dr. Lisa Piercey	Commissioner	Department of Health
Gabe Roberts	Director	TennCare
Garnett Decosimo	Senior Policy Analyst	Office of Governor Bill Lee
Jeff Ockerman	Director - Division of Health Planning	Department of Health
Keith Gaither	Director of Managed Care Operations	TennCare
Liesa Jenkins	Director - Division of Health Disparities	Department of Health

Source: TNECD

# RURAL HOSPITAL TRANSFORMATION ACT: COMMITTEE MEMBERS

Name	Title	Organization
Logan Grant	Executive Director	Health Services and Development Agency
Logan McCoy	Special Projects Director	Department of Economic and Community Development
Marie Williams	Commissioner	Department of Mental Health and Substance Abuse Services
Paige Kisber	President & CEO	Hospital Alliance of Tennessee
Rebecca Jolley	Executive Director	Rural Health Association of Tennessee
Sammie Arnold	Assistant Commissioner of Community and Rural Development	Department of Economic and Community Development
Summer Carr-Johnson	Assistant General Counsel	Department of Economic and Community Development

Source: TNECD

# OVERVIEW OF INITIATIVES BASED ON THE TNECD'S TRANSFORMATION PLAN REQUIREMENTS FOR THE PROGRAM

Transformation Plan Requirement	Opportunities
Focused strategies for transitioning the hospital into a sustainable business model in order to avoid or prevent closure	<ul style="list-style-type: none"> <li>Expand current engagement within the community</li> <li>Improve revenue cycle process</li> <li>Secure partnership or additional investment to ensure long-term viability</li> <li>Increase patient keepage</li> <li>Evaluate facility options</li> <li>Optimize 340B program</li> <li>Develop a primary care network</li> <li>Consider options to transition facility based on future operating model</li> </ul>
Recommendations for utilizing transformation funding to offset transition costs	<ul style="list-style-type: none"> <li>Apply for Federal, State and Local funding as it becomes available</li> </ul>
Recommendations for funding remaining transitions costs with hospital or community resources	<ul style="list-style-type: none"> <li>Apply for the multiple loan and grant programs with assistance from the hospital associations.</li> <li>Explore community based grant funding.</li> </ul>
Recommendations for ensuring that appropriate and viable services are provided in the target hospital community, serving the best interests of the patients and caregivers	<ul style="list-style-type: none"> <li>Expand telemedicine offerings through TriStar partnership</li> <li>Assess community needs and develop specialist recruitment plan</li> </ul>
Recommendations for strategic partnerships and alliances where practical	<ul style="list-style-type: none"> <li>Explore partnership opportunities with local universities and technical schools to build provider pipeline</li> <li>Explore opportunities to partner with regional organizations to develop a rural network</li> </ul>
Where partnerships are not practical, recommendations for coordination with the surrounding healthcare community including Safety Net providers and tertiary hospitals	<ul style="list-style-type: none"> <li>Provide ongoing outreach and education with EMS providers</li> </ul>

Source: Data Submitted by the State of Tennessee and Three Rivers. Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments; Note 1: Financial impact projections were estimated based on a percentage of total revenue or expenses and grouped relative to one another based on magnitude of impact. Where estimates resulted in a range that overlapped categories, a conservative approach was applied. Financial impact projections were estimated based on a percentage of total revenue or expenses and grouped relative to one another based on magnitude of impact. Where estimates resulted in a range that overlapped categories, a conservative approach was applied. Note 2: Identifies if the initiative will be a Revenue Generator (RG) or a Cost Saver (CS).

# FUNDING OPPORTUNITIES TO ASSIST WITH TRANSITION COSTS EXIST

Funding Opportunity	Sponsor	Application Deadline	Link
Rural Health Information Hub (RHI) – <b>Critical Access Hospitals</b>	Multiple	Refer to Individual Applications	<a href="https://www.ruralhealthinfo.org/topics/critical-access-hospitals/funding">https://www.ruralhealthinfo.org/topics/critical-access-hospitals/funding</a>
Substance Use Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities	CMS	August 9, 2019	<a href="https://www.grants.gov/web/grants/view-opportunity.html?oppld=317491">https://www.grants.gov/web/grants/view-opportunity.html?oppld=317491</a>
Department of Health and Human Services Health Resources and Services Administration – <b>Grants.gov</b>	Multiple	Refer to Individual Applications	<a href="https://www.grants.gov/web/grants/search-grants.html?keywords=rural%20hospital%20tennessee">https://www.grants.gov/web/grants/search-grants.html?keywords=rural%20hospital%20tennessee</a>
Rural Health Network Development Planning Program – <b>Grants.gov</b>	Health Resources and Services Administration	November 29, 2019	<a href="https://www.grants.gov/web/grants/view-opportunity.html?oppld=315914">https://www.grants.gov/web/grants/view-opportunity.html?oppld=315914</a>
Loan Program	Pathway Lending	Reach out to TNECD to connect with Pathway Lending	<a href="https://www.pathwaylending.org/">https://www.pathwaylending.org/</a>

- Hospitals are invited to apply for Federal, State, and Local funding as it becomes available
- Multiple funding opportunities available through each resource listed above
- Specific criteria to qualify for each opportunity (e.g. Critical Access Hospital)
- Opioid crisis mitigation opportunities available through multiple resources

Source: CMS, Rural Health Information, Department of Health and Human Services; Note: Individual entities should inquire directly to the granting organizations for any questions pertaining to funding opportunities.

# FUNDING OPPORTUNITY: USDA COMMUNITY FACILITIES DIRECT LOAN & GRANT PROGRAM

## What does this program do?

- This program provides affordable funding to develop essential community facilities in rural areas. An essential community facility is defined as a facility that provides an essential service to the local community for the orderly development of the community in a primarily rural area, and does not include private, commercial or business undertakings.

## Who may apply for this program?

- Eligible borrowers include:
  - Public bodies
  - Community-based non-profit corporations
  - Federally-recognized Tribes

## What is an eligible area?

- Rural areas including cities, villages, townships, and towns including Federally Recognized Tribal Lands with no more than 20,000 residents according to the latest U.S. Census Data are eligible for this program.

Information from the USDA's Rural Development website. More detail can be found at:  
<https://www.rd.usda.gov/programs-services/community-facilities-direct-loan-grant-program>

Source: USDA; Note: Individual entities should inquire directly to the granting organizations for any questions pertaining to funding opportunities.

# OUTMIGRATION TRENDS FOR SERVICES ASSOCIATED WITH GROWING POPULATIONS SHOWS A GROWTH OPPORTUNITY

- 1) Secure a partnership to provide a cash infusion and overall brand awareness in Humphreys County while also improving service offerings and reputation in the community due to influx of available funding (Initiatives 1, 5, 8)
- 2) Improve revenue cycle operations through additional staff training and outsourcing specific functions to increase available cash balances and support more consistent service delivery for services commonly outmigrated to other facilities (Initiatives 3 and 4)
- 3) Engage community advocates to educate patients about service offerings at Three Rivers Hospital while also improving relationship within the community (Initiative 2 and 6)
- 4) The Medicare-eligible population group is the only cohort projected to grow between 2019 and 2024, indicating a potential need for additional specialists and PCPs to provide services most commonly associated with older populations (e.g., cardiovascular, pulmonary, diabetes, etc.) <sup>1</sup> (Initiatives 7 and 8)

Source: Data Submitted by the State of Tennessee and Three Rivers, Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments; (1) Conduct physician demand study to confirm results

# STRATEGIC PARTNERSHIPS MAY EXIST; THE FACILITY MUST DEVELOP ITS VALUE PROPOSITION TO A POTENTIAL PARTNER

## Threat

- Three Rivers Hospital's revenue cycle operations are all performed in-house due to vendors ceasing partnerships
- Turnover in the business office has created gaps in revenue cycle

- The hospital has immediate cash flow concerns directly affecting ability to provide services
- Additionally, the facility has had fewer referrals for common services

- Patients often outmigrate to larger facilities with strategic partners such as Tristar Horizon and Tristar Centennial

## Partnership Opportunity

- Examine outside partners to train billing staff on managing denials and accounts receivable
- Consider outsourcing revenue cycle operations to a third party

- The hospital should secure a strategic partner to inject cash into the facility
- Outmigration most often occurs to hospitals affiliated with a system (e.g., Tristar, etc.)

- Engage community leadership to emphasize education on service offerings and hospital capabilities
- Meet with EMS and other local providers to detail capabilities

Source: Data Submitted by the State of Tennessee and Three Rivers, Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments;

# THE COMMUNITY MUST SUPPORT ITS HOSPITAL TO ENSURE THE HOSPITAL'S SURVIVAL

- Initiative 2: Drive patient keepage through outreach efforts
  - Educate community, local providers and emergency services to ensure awareness of services offered in the facility
- Initiative 6: Repair reputation with community members
  - Improve perception of the hospital in the community
  - Revive a strong referral base through growth of primary care and specialty physician access, continuing to improve quality
  - Three Rivers should emphasize educating community members on capabilities through formal educational outreach and also local efforts such as attending community events
- Initiative 6: Strengthen relationship with local universities and technical schools
  - Identify recruitment opportunities with local schools to ensure a sufficient number of providers
  - Explore methods to encourage local students to work at Three Rivers (e.g., scholarships)
- Initiative 10: Improve facility to address community concerns
  - Develop new master facility plan based on current service offerings and accounting for future development opportunities, including identifying areas for improvement and upgrades
  - Publicize facility improvements during local community events or other outreach efforts

Source: Data Submitted by the State of Tennessee and Three Rivers, Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments;





# THREE RIVERS HOSPITAL

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## PROGRAM REPORTING

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# THREE RIVERS WILL REPORT PROGRESS ON MULTIPLE METRICS TO THE STATE

- Three Rivers will report on a number of metrics for each initiative to promote successful transition to a financially sustainable position.
- Each reporting metric includes a submission date when the initial progress report is due to the state and a cadence to specify how often Three Rivers should report after initial submission.
- The cadence of reporting varies by metric and may be a monthly, quarterly, annual, or one-time report.
- Each metric identifies an individual responsible for providing the associated report. This individual can delegate, but is ultimately responsible for its submission.
- Three Rivers will report on each metric using an online portal, with more details coming on the specific reporting platform at a future date.

# TO ENSURE CONTINUED TRANSITION, THREE RIVERS SHOULD COMMIT TO REPORTING ON INITIATIVES IDENTIFIED THROUGH THE TRANSFORMATION PLAN

Reporting metrics vary based on initiative and are detailed in the Initiative & Reporting Detail Section. Three Rivers' first report is due on 9/30/2019.

#	Initiative	Deliverables	Deadline for Initial Report	Reporting Cadence
1	Secure Partnership or Additional Investment	Value proposition report, RFP, Progress report	9/30/2019	One-time, quarterly
2	Increase Patient Keepage	Progress to date, Outmigration analysis	12/31/2019	Quarterly
3	Assess and Improve Revenue Cycle Processes	Pro Forma, Progress to date, Post-assessment report	9/30/2019	Quarterly, annually
4	Match Leadership Team with Coaches	Confirmation of firm hired, Progress report	9/30/2019	One-time, quarterly
5	Expand Telemedicine Offerings	Gap analysis, Progress report	9/30/2019	Quarterly
6	Community Reputation Repair	Progress to date	9/30/2019	Quarterly
7	Develop Primary Care Network	Succession plan and Pro Forma, Compensation market analysis, Post-assessment report	3/31/2020	Annually
8	Develop Specialist Presence	Recruitment plan, Progress report, Post-assessment report	9/30/2019	Annually
9	Optimize 340B Program	Progress to Date	9/30/2019	Quarterly
10	Evaluate Facility Options	Pro Forma, Post-assessment report	3/31/2020	Quarterly
11	Identify Alternative ED Physician Support	Feasibility analysis, Post-assessment report	12/31/2019	Annually
12	Behavioral Health Improvements	Progress to Date	9/30/2019	Quarterly

Source: Data Submitted by the State of Tennessee and Three Rivers, Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments;



# THREE RIVERS HOSPITAL

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## METHODOLOGY

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NAVIGANT

# THE RURAL HOSPITAL TRANSFORMATION PROGRAM FOLLOWED A THREE STEP PROCESS FROM DEVELOPMENT TO TRANSFORMATION PLAN CREATION

The Tennessee Department of Economic and Community Development (TNECD) was tasked by the Tennessee General Assembly to create “transformation plans” to support **“rural hospitals in assessing viability and identifying new delivery models, strategic partnerships, and operational changes that enable the continuation of needed healthcare services in rural communities.”**

## Program Approach

### 1 Program Development

- TNECD convened a Committee of State and non-State stakeholders representing multiple State departments, the hospital associations, and educational entities
- The Committee worked with Navigant to establish the Rural Hospital Transformation Program.

### 2 Hospitals Identified for Transformation

- State stakeholders worked with Navigant to create a comprehensive application to quantitatively and qualitatively assess population served, need for transformation, and willingness to transform.
- SFY 2019 applicants selected based on composite scores and approval by the Rural Hospital Transformation Program Committee

### 3 Hospital Assessments & Transformation Plans

- Navigant and select TNECD personnel visited each SFY 2019 triaged hospital to gain site-specific context and develop a tailored Transformation Plan based on data submitted by the facility and State and information collected during the on-site assessment.

# EACH TRANSFORMATION PLAN INCLUDES SIX COMPONENTS

## Transformation Plan Components

- As part of the Rural Transformation Act, and subsequently the Rural Transformation Program, each Transformation Plan includes a set of required items to be included in each plan provided to facilities

## Components

1. Focused strategies for transitioning the hospital into a sustainable business model in order to avoid or prevent closure
2. Recommendations for utilizing transformation funding to offset transition costs
3. Recommendations for funding remaining transitions costs with hospital or community resources
4. Recommendations for ensuring that appropriate and viable services are provided in the target hospital community, serving the best interests of the patients and caregivers
5. Recommendations for strategic partnerships and alliances where practical
6. Where partnerships are not practical, recommendations for coordination with the surrounding healthcare community including safety net providers and tertiary hospitals

# THE DATA USED TO CREATE EACH TRANSFORMATION PLAN COMES FROM NUMEROUS SOURCES

## Transformation Plan Data

- There were multiple data sources used in the development of each Transformation Plan
- Information provided by the State and Program facilities was supplemented with additional research conducted by Navigant

## Sources

1. Joint Annual Report (JAR) data
2. Program application data submitted by each hospital
3. On-site visits and interviews at each hospital
4. Tennessee Department of Economic and Community Development data
5. Various online subscriptions and memberships
6. TN Department of Health Hospital Discharge Data System
7. Medicare Cost Reports

Source: Data Submitted by the State of Tennessee and Three Rivers, Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments;

# INITIATIVES WERE PRIORITIZED BASED ON THREE FACTORS: LEVEL OF IMPORTANCE, POTENTIAL FINANCIAL IMPACT, AND IMPLEMENTATION COMPLEXITY

## Methodology

- Initiatives were prioritized based on three factors
- Level of Importance received the highest prioritization followed by Potential<sup>1</sup> Financial Impact and Implementation Complexity
- Level of Importance and Potential<sup>1</sup> Financial Impact were ranked High, Medium, Low to identify initiatives that were highly urgent and would yield a higher financial impact relative to other initiatives
- Implementation Complexity was ranked Low, Medium, High to identify initiatives that were less complex to implement and may be “quick wins” for the facility
- Facility leadership’s ability to implement without assistance was considered separately from the prioritized factors

Factor	Description
1) Level of Importance	Importance of the recommended initiative to the immediate financial and/or operational viability of the facility
2) Potential <sup>1</sup> Financial Impact	Potential financial benefit, whether cost or revenue based, to the facility
3) Implementation Complexity	Difficulty to implement including: planning, human capital needs, time, and coordination necessary for successful execution

Source: Data Submitted by the State of Tennessee and Three Rivers, Quantitative and qualitative information provided during Rural Hospital Transformation Program on-site assessments; Note 1: Financial impact projections were estimated based on a percentage of total revenue or expenses and grouped relative to one another based on magnitude of impact. Where estimates resulted in a range that overlapped categories, a conservative approach was applied. Financial impact projections were estimated based on a percentage of total revenue or expenses and grouped relative to one another based on magnitude of impact. Where estimates resulted in a range that overlapped categories, a conservative approach was applied. Note 2: Identifies if the initiative will be a Revenue Generator (RG) or a Cost Saver (CS).



# FACTOR SCORING DEFINITION SUMMARY

## 1. Level of Importance

- **High:** Initiative should be immediately addressed to transition the facility to a sustainable model
- **Medium:** Initiative is necessary to long-term sustainability, but can be addressed over time
- **Low:** Initiative can be strategically considered in the facilities transformation

## 2. Potential Financial Impact

- **High:** Greater than 4% of total revenue gain or expense reduction impact potential
- **Medium:** 1% to 4% of total revenue gain or expense reduction impact potential
- **Low:** Less than 1% of total revenue gain or expense reduction impact potential

## 3. Financial Impact Type

- **RG:** Potential Revenue Generating Initiative
- **CS:** Potential Cost Saving Initiative

## 4. Implementation Complexity

- **High:** Initiative requires a multifaceted implementation approach and high level of technical expertise, human capital, and investment (*monetary and time-based*)
- **Medium:** Implementation still requires a closely managed process and involved resource investment, technical knowledge and potential resource consumption are considered to be lessened
- **Low:** Implementation can be accomplished with relatively low resource consumption

## 5. Ability to Implement Internally

- **High:** All necessary resources, technical knowledge, and expertise is readily available for successful implementation
- **Medium:** Human capital, expertise, technical knowledge and other resources are available for implementation, but the facility would benefit from additional outside assistance
- **Low:** Successful implementation will require assistance from outside entities to provide additional human capital, technical expertise, detailed management oversight and other support activities



# THREE RIVERS HOSPITAL

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## APPENDIX

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NAVIGANT

# GLOSSARY

Acronym	Definition
ADC	Average Daily Census
AMA	Against Medical Advice
APP	Advanced Practice Provider
BCBS	BlueCross BlueShield
CAGR	Compound Annual Growth Rate
CAH	Critical Access Hospital
CBO	Centralized Billing Office
CDI	Clinical Documentation Improvement
CHC	Community Health Center
CMS	Center for Medicare and Medicaid Services
CNA	Certified Nursing Assistant
CTA	Computed Tomography Angiogram
CV	Cardiovascular
ED	Emergency Department
EMS	Emergency Medical Services
ENT	Ear, Nose and Throat
FFS	Fee-for-Service
FTE	Full Time Employee
FQHC	Federally Qualified Health Center

# GLOSSARY

Acronym	Definition
GI	Gastrointestinal
GME	Graduate Medical Education
ICU	Intensive Care Unit
IP	Inpatient
LPN	Licensed Practical Nurse
OBGYN	Obstetrics and Gynecology
Obs	Observation Status
OP	Outpatient
OR	Operating Room
OT	Occupational Therapy
PCP	Primary Care Physician
Peds	Pediatrics
PSA	Primary Service Area
PT	Physical Therapy
RCM	Revenue Cycle Management
RFP	Request for Proposal
RHC	Rural Health Clinic
RN	Registered Nurse
ROI	Return on Investment

# GLOSSARY

Acronym	Definition
RSV	Respiratory Syncytial Virus
SFY	State Fiscal Year
SLA	Service Level Agreement
TNECD	Tennessee Department of Economic and Community Development
YOY	Year-Over-Year

# FUNDING OPPORTUNITY: USDA COMMUNITY FACILITIES DIRECT LOAN & GRANT PROGRAM



## How may funds be used?

- Funds can be used to purchase, construct, and / or improve essential community facilities, purchase equipment and pay related project expenses.
- Examples of essential community facilities include:
  - Health care facilities such as hospitals, medical clinics, dental clinics, nursing homes or assisted living facilities
  - Public facilities such as town halls, courthouses, airport hangars or street improvements
  - Community support services such as child care centers, community centers, fairgrounds or transitional housing
  - Public safety services such as fire departments, police stations, prisons, police vehicles, fire trucks, public works vehicles or equipment
  - Educational services such as museums, libraries or private schools
  - Utility services such as telemedicine or distance learning equipment
  - Local food systems such as community gardens, food pantries, community kitchens, food banks, food hubs or greenhouses

Information from the USDA's Rural Development website. More detail can be found at:  
<https://www.rd.usda.gov/programs-services/community-facilities-direct-loan-grant-program>

Source: USDA; Note: Individual entities should inquire directly to the granting organizations for any questions pertaining to funding opportunities.

# FUNDING OPPORTUNITY: USDA COMMUNITY FACILITIES DIRECT LOAN & GRANT PROGRAM



## How does this apply to Rural Hospital Transformation Program Participants?

- A hospital may apply to the Community Facilities Direct Loan & Grant Program if the facility meets the USDA's Program criteria
- Successful applicants should demonstrate a plan to transition to a sustainable business model. For Rural Hospital Program participants, the Transformation Plan can help transition the facility to a sustainable business model.
- To be a competitive applicant for funding, the following components are suggested:
  - Demonstrate significant progress towards implementation of the Transformation Plan over at least 12 months of implementation
  - Indicate community financial support for the facility including prior efforts to fund Transformation. This may include, but are not limited to:
    - Taxes levied to support the facility
    - Previous loans provided to the facility

More detail can be found at:

<https://www.rd.usda.gov/programs-services/community-facilities-direct-loan-grant-program>

Source: USDA; Note: Individual entities should inquire directly to the granting organizations for any questions pertaining to funding opportunities.

# FUNDING OPPORTUNITY: USDA COMMUNITY FACILITIES DIRECT LOAN & GRANT PROGRAM



## Next Steps for Program Participants

- Rural Hospital Transformation Program participants should immediately pursue implementation of the Transformation Plan and ensure that reporting metrics and deadlines are met
- After a year of implementation, a participant applying to the USDA's Community Facilities Direct Loan & Grant Program should work with TNECD to prepare its application and demonstrate progress towards the Transformation Plan

More detail can be found at:

<https://www.rd.usda.gov/programs-services/community-facilities-direct-loan-grant-program>

Source: USDA; Note: Individual entities should inquire directly to the granting organizations for any questions pertaining to funding opportunities.